

**APPLICATION FOR CERTIFICATE TO BECOME A
TELECOMMUNICATIONS CARRIER**

NORTHSTAR COMMUNICATIONS, INC.

EXHIBIT E

FINANCIAL STATEMENTS

08/22/00

NorthStar Communications, Inc.
Balance Sheet
As of March 31, 2000

	<u>Mar 31, '00</u>
ASSETS	
Current Assets	
Checking/Savings	
Citibank - Checking	10,593.63
Total Checking/Savings	10,593.63
Accounts Receivable	
Accounts Receivable	157,807.61
Total Accounts Receivable	157,807.61
Other Current Assets	
Citibank - Money Market	50,010.71
Customer Base	1,098,645.00
Prepays	5,000.00
Total Other Current Assets	1,153,655.71
Total Current Assets	1,322,056.95
Fixed Assets	
Computer Equipment	3,173.30
Total Fixed Assets	3,173.30
TOTAL ASSETS	<u>1,325,230.25</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	15,000.00
Total Accounts Payable	15,000.00
Total Current Liabilities	15,000.00
Long Term Liabilities	
Loan from Scott White	1,000,000.00
Total Long Term Liabilities	1,000,000.00
Total Liabilities	1,015,000.00
Equity	
Capital Stock	205,000.00
Retained Earnings	-1,312.00
Net Income	106,542.25
Total Equity	310,230.25
TOTAL LIABILITIES & EQUITY	<u>1,325,230.25</u>

08/22/00

NorthStar Communications, Inc.
Profit & Loss
 January through March 2000

	<u>Jan - Mar '00</u>
Ordinary Income/Expense	
Income	
MRC Revenue	296,879.00
Usage Revenue	596,085.29
Total Income	892,964.29
Cost of Goods Sold	
Bad Debt Expense	71,530.23
Customer Service Expense	119,217.06
Est. Commission Reseller	121,174.58
MRC Expense	148,439.50
PICC Credit	(50,667.25)
QAI Fee	83,451.93
Rating and Formating	3,576.51
Usage	238,434.12
Total COGS	735,156.68
Gross Profit	157,807.61
Expense	
Bank Service Charges	40.00
Consulting	15,000.00
Interest Expense	
Loan Interest	30,000.00
Total Interest Expense	30,000.00
Office Supplies	104.82
Professional Fees	
Accounting	5,020.00
Legal Fees	1,111.25
Total Professional Fees	6,131.25
Total Expense	51,276.07
Net Ordinary Income	106,531.54
Other Income/Expense	
Other Income	
Interest Income	10.71
Total Other Income	10.71
Net Other Income	10.71
Net Income	<u><u>106,542.25</u></u>

NorthStar Communications, Inc.

Notes to First Quarter Financial Statements

Income and Cost of Goods Sold

Income and cost of goods sold items have been added and are commensurate with the revenue and expenses associated with the QAI customer base acquired 12/31/99.

Loan from Scott White

To avoid adverse tax consequences, the \$1.2 million loan was reclassified as a \$1 million loan and \$200,000 as additional paid-in capital.

Consulting Fee

Effective January 1st, a \$5,000 per month consulting fee is being paid to Scott White.